

AMENDED IN ASSEMBLY MARCH 30, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 909

Introduced by Assembly Member Chavez

February 18, 2005

An act to add Section 1345.5 to the Health and Safety Code, and to add Section 10127.17 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 909, as amended, Chavez. Health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan and health insurer to give notice of various actions and information to ~~specified parties, including~~ *applicants for coverage and to enrollees; and insureds, agents, brokers, and providers*.

This bill would authorize a health care service plan and *a* health insurer to provide notice, as defined, electronically ~~to an enrollee, insured, agent, broker, or provider~~, if certain requirements are met.

Because a violation of the bill relating to health care service plans would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1345.5 is added to the Health and
2 Safety Code, to read:

3 ~~1345.5. (a) Notwithstanding any other provisions of law, a~~
4 ~~health care service plan shall be deemed to have fully complied~~
5 ~~with any statutory obligations to mail notice to an enrollee, agent,~~
6 ~~broker, or provider, if both of the following requirements are~~
7 ~~met:~~

8 ~~(1) The plan has obtained a written agreement from the~~
9 ~~enrollee, agent, broker, or provider to accept electronic~~
10 ~~transmission.~~

11 ~~(2) The plan provides the electronic transmission of the notice~~
12 ~~within the applicable time period consistent with specific~~
13 ~~statutory obligation.~~

14 ~~(b) For purposes of this section, "notice" includes, but is not~~
15 ~~limited to, billing statements, cancellation statements,~~
16 ~~commission statements, member plan change notifications, and~~
17 ~~rate changes.~~

18 *1345.5. (a) Notwithstanding Sections 1363, 1364.1, 1364.5,*
19 *1366.25, 1367.23, 1367.26, 1373.65, 1374.21, 1374.22, 1374.23,*
20 *1374.30, 1374.31, and 1399.805, Sections 1300.63.1 and*
21 *1300.63.2 of Title 28 of the California Code of Regulations, or*
22 *any other statute or regulation requiring a health care service*
23 *plan to provide notice to an applicant, enrollee, or subscriber, a*
24 *health care service plan may provide those notices and any other*
25 *notice necessary or desirable in connection with the*
26 *administration of coverage, by electronic transmission if both of*
27 *the following requirements are satisfied:*

28 *(1) The plan has obtained authorization from the applicant,*
29 *enrollee, or subscriber to provide notice by electronic*
30 *transmission.*

31 *(2) The plan complies with the specific statutory or regulatory*
32 *obligation as to the content of the notice and the privacy and*

1 security of the notice in its electronic transmission.[PU
2 EXTERNAL SOURCE]

3 (b) A health care service plan shall be deemed to have fully
4 complied with any statutory or regulatory obligation to provide
5 notice by United States mail to an applicant, enrollee, or
6 subscriber if it complies with the requirements of subdivision (a).

7 (c) "Notice" for purposes of subdivision (a) includes, but is
8 not limited to, disclosure forms, written statements related to the
9 reduction or elimination of emergency services; statements
10 regarding the confidentiality of medical information and
11 eligibility for COBRA continuation coverage or conversion
12 coverage; notices relating to the termination of a contract or of
13 coverage; provider listings, notices relating to the termination of
14 provider contracts, rate or benefit changes, availability of
15 independent medical review, and distribution of evidences of
16 coverage; notices related to underwriting; notice of new
17 products; responses to enrollee inquiries; notices related to
18 preauthorization or preservice review; notices relating to appeal
19 rights; and notices relating to the disposition of claims.

20 SEC. 2. Section 10127.17 is added to the Insurance Code, to
21 read:

22 ~~10127.17. (a) Notwithstanding any other provisions of law, a~~
23 ~~health insurer shall be deemed to have fully complied with any~~
24 ~~statutory obligations to mail notice to an insured, agent, broker,~~
25 ~~or provider, if both of the following requirements are met:~~

26 ~~(1) The health insurer has obtained a written agreement from~~
27 ~~the insured, agent, broker, or provider to accept electronic~~
28 ~~transmission.~~

29 ~~(2) The insurer provides the electronic transmission of the~~
30 ~~notice within the applicable time period, consistent with the~~
31 ~~specific statutory obligation.~~

32 ~~(b) For purposes of this section, "notice" includes, but is not~~
33 ~~limited to, billing statements, cancellation statements,~~
34 ~~commission statements, member plan change notifications, and~~
35 ~~rate changes.~~

36 ~~10127.17. (a) Notwithstanding Sections 791.10, 10113.7,~~
37 ~~10128.55, 10169, 10169.1, 10199.1, 10199.2, 10199.44, and~~
38 ~~10901.3 or any other statute or regulation requiring a health~~
39 ~~insurer to provide notice to an applicant or insured, a health~~
40 ~~insurer may provide those notices and any other notice necessary~~

1 *or desirable in connection with the administration or coverage,*
2 *by electronic transmission if both of the following requirements*
3 *are satisfied:*

4 *(1) The health insurer has obtained authorization from the*
5 *applicant or the insured to provide notice by electronic*
6 *transmission.*

7 *(2) The health insurer complies with the specific statutory*
8 *obligation as to the content of the notice and the privacy and*
9 *security of the notice in its electronic transmission. [PU*
10 *EXTERNAL SOURCE]*

11 *(b) A health insurer shall be deemed to have fully complied*
12 *with any statutory or regulatory obligation to provide notice by*
13 *United States mail to an applicant or insured if it complies with*
14 *the requirements of subdivision (a).*

15 *(c) "Notice" for purposes of subdivision (a) includes, but, is*
16 *not limited to, disclosure forms; written statements related to the*
17 *reduction or elimination of emergency services; statements*
18 *regarding the confidentiality of medical information and*
19 *eligibility for COBRA continuation coverage or conversion*
20 *coverage; notices relating to the termination of a contract or of*
21 *coverage; provider listings; notices relating to termination of*
22 *provider contracts, rate or benefit changes, availability of*
23 *independent medical review, and distribution of evidences of*
24 *coverage; notices related to underwriting; notice of new*
25 *products; responses to inquiries; notices related to*
26 *preauthorization or preservice review; notices relating to appeal*
27 *rights; and notices relating to the disposition of claims.*

28 SEC. 3. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the only costs that may be incurred by a local agency or school
31 district will be incurred because this act creates a new crime or
32 infraction, eliminates a crime or infraction, or changes the
33 penalty for a crime or infraction, within the meaning of Section
34 17556 of the Government Code, or changes the definition of a
35 crime within the meaning of Section 6 of Article XIII B of the
36 California Constitution.